

Mr.

NYC-4-1366

Chief of Mission, Karlsruhe

24 September 1951
Attention:

Chief, Foreign Division B

Operational

USAGB/Hungarian Operation

1. Despite actual progress has been made in USAGB's Hungarian operation which has not been reported to TCE, or by US to us, the time is now to tell USAGB that we are no longer interested in putting money, time and technical equipment into the operation.

2. This operation has been running for a year instead of the three months trial period suggested by USAGB and expanded to six months, a more realistic period, by us.

3. We must ask ourselves a few direct questions about this operation. Is there any evidence that the time and effort expended have produced any courier line (or any other means) for getting information from a good source, or from any source within Hungary? (We note USAGB's claim in February 1951 that two courier lines were in operation. See para 2, 437A-57-8). Has any information come from this plan which could not be quite fairly described as the chain-of-oven products of the mass of hangers-on in the west?

4. If we are in the possession of all the facts, it is hard to arrive at any conclusion very flattering to USAGB or to us. He may be trying to operate out of his depth, or may be prolonging what he knows is a hopeless operation either for his own gain or to hold together his empire of emigrant Hungarians. We seem to have been hypnotized by the mass of material USAGB has submitted on his T-7's, CC's, etc. The trees have obscured the woods and we have not really taken a cold look at the operation.

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5. Some speculation on the probable course to the PA ANARCH proposal would have taken if we had not squelched it may give us some insight into the way USAGT's mind works. I am convinced that if we had approved that operation, we would now have a tremendous amount of material on all the secondary features of the plan, a large group of emigrates sitting in the west at our expense, a thriving cheese factory in Sicily, and no actual operation. I do not think that we can expect USAGT to terminate my operation, however crusty. That is our job.

6. Unless PRR has unreported information which changes the entire picture, we should terminate this operation as quickly as possible and USAGT should be told it has not made a good impression here. Any personnel you consider should be salvaged because of other connections should be the subject of memos to us.

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